



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2009 Biennium

<b>Bill #</b>	HB0039	<b>Title:</b>	Ownership update for water rights
<b>Primary Sponsor:</b>	McNutt, Walter	<b>Status:</b>	Third Reading

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<b>Expenditures:</b>				
General Fund	\$247,905	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	(\$260,500)	(\$260,500)	\$60,500
<b>Net Impact-General Fund Balance</b>	<b>(\$247,905)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### Description of fiscal impact:

In order to automate updating the Department of Natural Resources and Conservation water right database with new owner names from the Department of Revenue's Cadastral database, the Cadastral system will need a water right module programmed by a contractor. The initial match of the two databases will require software and some manual research using contacted services.

### FISCAL ANALYSIS

#### Assumptions:

#### **Department of Natural Resources and Conservation (DNRC)**

1. Assume authority will be established in fiscal 2008, as costs will be incurred in fiscal 2008 for the program to prepare for the July 1, 2008 effective date of the bill.
2. DNRC will develop an interface between the DNRC water right and the Department of Revenue (DOR) cadastral databases; cost is estimated at \$98,505. This will provide the format to pass land ownership and water right record information between agencies.

3. Software will be used to make the initial match of property geocodes with 350,000 water right records. Software cost and training is estimated at \$19,800.
4. It is estimated that 25% of the records or 87,500 records during the initial match will have to be manually researched and match attempted. Assuming that the current staff at the DNRC regional offices could research half (43,750), 15 temporary staff will be needed to research the remainder. (15 temps x 90 days x \$12.00/hr = \$129,600.)
5. Currently, the DNRC receives approximately 6,000 transfers annually. The current rate is \$50 per transfer, the revenue generated is \$300,000. It is estimated that this legislation will increase the number of transfers by 1,900; at the current rate would have generated an additional \$95,000. Section 5 reduces the transfer fee to \$5, revenues generated under this legislation at the revised fee is estimated at \$39,500. The reduction of revenue is estimated at \$260,500 compared to current law (6,000 x \$45 = \$270,000 - \$39,500).
6. Section 6 reduces the penalty from \$50 to \$7.50 for non-compliance of 85-2-424, MCA; there have never been any non-compliance penalties assessed.

	<b><u>FY 2008 Difference</u></b>	<b><u>FY 2009 Difference</u></b>	<b><u>FY 2010 Difference</u></b>	<b><u>FY 2011 Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Operating Expenses	\$247,905	\$0	\$0	\$0
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$247,905	\$0	\$0	\$0
<b><u>Revenues:</u></b>				
State Special Revenue (02)	\$0	(\$260,500)	(\$260,500)	(\$260,500)
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$247,905)	\$0	\$0	\$0
State Special Revenue (02)	\$0	(\$260,500)	(\$260,500)	(\$260,500)

**Long-Range Impacts:**

1. With the reduction of revenues, the state special revenue fund will have a negative fund balance beginning in fiscal 2008 and increasing to a negative fund balance of nearly \$4 million by fiscal 2015.

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*Sponsor's Initials*\_\_\_\_\_  
*Date*\_\_\_\_\_  
*Budget Director's Initials*\_\_\_\_\_  
*Date*